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INFO RUCNASE/ASEAN MEMBER COLLECTIVE  
RUEHBY/AMEMBASSY CANBERRA 1500  
RUEHBJ/AMEMBASSY BEIJING 2026  
RUEHKA/AMEMBASSY DHAKA 4976  
RUEHNE/AMEMBASSY NEW DELHI 4989  
RUEHUL/AMEMBASSY SEOUL 8582  
RUEHKO/AMEMBASSY TOKYO 6151  
RUEHNV/AMEMBASSY MONROVIA 0059  
RUEHCN/AMCONSUL CHENGDU 1570  
RUEHCHI/AMCONSUL CHIANG MAI 1821  
RUEHCI/AMCONSUL KOLKATA 0421  
RUEHMT/AMCONSUL MONTREAL 0055  
RUEAIIA/CIA WASHDC  
RUEATRS/DEPT OF TREASURY WASHDC  
RUEKJCS/DIA WASHDC  
RUEHGV/USMISSION GENEVA 4012  
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C O N F I D E N T I A L SECTION 01 OF 02 RANGOON 000710

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STATE FOR EAP/MLS, INR/EAP, EEB/TRA, CA/OCS/ACS  
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E.O. 12958: DECL: 09/08/2018  
TAGS: [ECON](#) [PREL](#) [PGOV](#) [EAIR](#) [CASC](#) [ASEC](#) [BM](#)  
SUBJECT: BURMA: MAI LEASES AIR BAGAN PLANE

REF: A. RANGOON 664  
[1](#)B. RANGOON 192  
[1](#)C. RANGOON 693

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Classified By: Economic Officer Samantha A. Carl-Yoder for Reasons 1.4  
(b and d)

Summary

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[1](#)1. (C) Myanmar Airways International (MAI), one of Burma's two international carriers, recently signed a three-month lease with Air Bagan for a Fokker 100, which will service its flights from Rangoon to Bangkok. MAI assured us that potential safety concerns were addressed through a third party audit and the arrangement with Air Bagan is temporary. However, given Air Bagan's checkered safety history and the new link between Air Bagan and MAI, the British and Australian Embassies in Rangoon are recommending against flying MAI. We will make the same recommendation in our Consular Information Sheet. End Summary.

Playing Musical Planes

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[1](#)2. (C) Myanmar Airways International (MAI), the only one of Burma's two international airlines (Ref A) currently operational, recently leased a Fokker 100 from Air Bagan to service its Rangoon-Bangkok-Rangoon flight. According to MAI Managing Director Aung Gyi, in early August MAI terminated its Boeing 737 lease (signed in July 2008) with Thai-owned Nok Air due to Nok's maintenance problems (Ref A). Desperate to find a plane to cover its Bangkok route, MAI turned to Air

Bagan, which had grounded several of its planes for financial reasons. Air Bagan, a Burmese company owned by regime crony Tay Za, has been bleeding money and offered MAI a three-month lease for its Fokker 100 at a low price, Aung Gyi noted.

13. (C) Aware that Air Bagan has had severe safety and maintenance problems (Ref B), MAI brought in an independent third party, Singapore company FD Aviation, to conduct a safety audit of the plane. Aung Gyi acknowledged that FD Aviation identified several minor concerns about the plane, including lack of up-to-date documents, documents that were not endorsed by the Civil Aviation Authorities, and lack of revised manuals from the Fokker company. He emphasized, however, that these concerns did not indicate technical problems with the plane. Aung Gyi added that MAI is concerned about passenger safety, noting that the company has terminated previous leases due to safety concerns and that Air Bagan resolved the outstanding issues before MAI signed the lease.

14. (C) MAI's relationship with Air Bagan is temporary; the company has already signed a contract with Australian-owned Jet Star to lease a 2007 Airbus 320 beginning in November 2008, Aung Gyi explained. He opined that Air Bagan would not resume its international flights, noting that the company faces cash-flow problems, as well as insurance woes (Ref C).

#### Questioning Air Bagan's Safety Record

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15. (C) Although MAI is satisfied that its leased Fokker 100 meets international safety and maintenance standards, other aviation contacts have questioned Air Bagan's commitment to

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safety. Ref C details French-owned Total's November 2007 assessment of Air Bagan's operations, which concluded that the airline was not safe to fly. The Daewoo Health and Safety Officer Sandy Thomas told us that Daewoo recently forbade its expatriates to fly Air Bagan for the same reasons. He also noted that the GOB Directorate General for Civil Aviation (DGCA) has little to no oversight over Air Bagan, as senior officials have told DGCA officials that Air Bagan is not subject to international regulations. While the Fokker 100 may be the most reliable plane in Air Bagan's fleet, reliability is subjective, Thomas added.

#### No Double Standard

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16. (C) In March 2008, Embassy Rangoon submitted to CA a revised CountQ Specific Information Sheet recommending against flying Air Bagan due to serious concerns about the airline's ability to maintain its airplanes. We also submitted via diplomatic note a request to the Ministry of Transport to discuss Air Bagan's safety issues, to which we never received a response (Ref C). Given that MAI has leased an Air Bagan plane, albeit one with a seemingly acceptable safety record, and that both the British and Australian Embassies have recommended formally that their citizens avoid flying MAI, Embassy Rangoon will submit to CA a revised Country Specific Information Sheet with the same recommendation. We will also send another diplomatic note to the Ministry of Transport requesting a meeting to discuss the safety of Burma's aviation sector.

DINGER